



**STATEMENT
OF THE
SCHOOL NUTRITION ASSOCIATION OF MICHIGAN
BEFORE THE
COMMITTEE OF REFORMS AND RESTRUCTURING
MICHIGAN STATE SENATE
MARCH 9, 2010**

Chairman Bishop, Senator Pappageorge and Members of the Committee, I am Janet Allen, SNS, President of the School Nutrition Association of Michigan (SNAM) from Waterford, Michigan. With me today is the SNAM Legislative Chair, Lori Adkins, MS SNS CHE from Livonia, Michigan, Lynna Hassenger, SNS from Okemos, Michigan and June Bailey, SNS from Schoolcraft, Michigan.

Mr. Chairman, we are meeting here at a time of unprecedented economic challenge for our country. The Michigan School Lunch and Breakfast Programs are federally mandated programs that receive both federal and state subsidy. These programs are a key part of the vital safety net for a growing number of our school children.

SNAM recognizes the current fiscal crisis facing our State and the subsequent fall-out the Michigan economy has had on school funding. At this time, school districts are considering a variety of ways to reduce costs and to maintain quality of all non-instructional services provided to students. School food service programs in Michigan have taken a proactive approach to cost containment by participating in cooperative bids and collaborating on services such as alternate agreements whereby one district provides services for another district. Participating in these cost containment efforts are accomplished at no cost to a district.

In Michigan, there are 786 of 949 school food authorities that participate in purchasing consortiums throughout the state including the Great Lakes, SPARC and MOR co-ops. These purchasing cooperatives competitively bid food on behalf of consortium members to offer school districts the lowest price & highest quality to districts. While transportation, custodial/maintenance and school food service programs are all part of the non-instructional infrastructure of a school district, school food service is the only service that is a federal program.



As a federally mandated program, school meal programs are required to operate as non-profit entity. Therefore, school food service programs have a self-sustaining operating budget that does not require dollars from the general fund as opposed to custodial & transportation programs which are a 100% cost to the district. In fact many foodservice programs contribute to the general fund while covering all the costs associated with running the program including food, supplies, labor, benefits and other direct costs.

The strength of any well run food service program is in the quality of well trained employees under the direction of a highly qualified food service administrator. If a food service department is self-sustaining, there is no benefit for a district to outsource this service. If it is not self-sustaining, we believe that using a third party food service management contractor may be a viable option for some districts, but should not be considered the only option for saving money.

Currently, there are 949 districts that participate in the School Lunch Program who receive commodities. Of those, 208 schools use a Food Service Management Company (FSMC), which works out to about 22%. We urge you to look at some of the 208 FSMC programs to see if they are profitable and contribute to the general fund. Though a management company may provide short term gains in some instances, in the long run a district benefits far more from a well managed self operated department.

One other thing to consider is that mandating the outsourcing of these services, there will be less employees contributing to the ever-rising state retirement fund. With a retirement rate projected to be close to 20% next year, we must ask what will happen if there are less school employees to contribute to it? In general, food service staff contributes to this fund, yet rarely draws from it.

In closing, we agree that cost containment in schools does need to happen. Some of which may include the decision to outsource departments. However, if a school meal program is meeting the federal requirement of being a non-profit entity and cost sustainable, districts should not be burdened with a mandate of having to pay fees to an outside company.

We would like to thank the committee today for the opportunity to share our expertise with you regarding school lunch programs & the issue of privatization. We would be pleased to answer any questions you may have.